Steinberg's Limited Annual Report 1976

service *n.* Provision for the carrying out of some work for which there is a public demand.

skilled *ppl. adj*: Possessed of skill or knowledge; properly trained or experienced.

square deal *n.* An honest and fair transaction or trade.

satisfaction *n.* The complete fulfillment of a need or want; the quality or state of being satisfied.

This report has been printed in both French and English. You may receive a copy in either language, as you prefer, upon request to the Secretary, Steinberg's Limited, 1500 Atwater, Montreal, Canada H3Z 1Y3.

Ce rapport a été publié en français et en anglais. Vous pouvez obtenir un exemplaire dans la langue de votre choix en adressant votre demande au Secrétaire de Steinberg Limitée, 1500 Atwater, Montréal, Canada H3Z 1Y3.

Highlights of the year

(Expressed in thousands of dollars)	1976 $	1975 $
Sales	**1,594,285**	1,420,966
Net earnings	**21,266**	11,901
Earnings per common and Class "A" share (dollars)	**3.01**	1.66
Earnings per dollar of sales	**1.33¢**	0.84¢
Dividends per common and Class "A" share (dollars)	**0.60¢**	0.60¢
Salaries, wages and employee benefits	**222,878**	190,449
Capital expenditures	**46,614**	36,590
Working capital	**54,628**	35,438
Long-term debt	**175,514**	152,928
Shareholders' equity	**163,644**	147,730
Equity per common and Class "A" share (dollars)	**22.24**	19.83
Return on equity	**13%**	8.06%
Total assets	**471,917**	418,115

Head Office
Alexis Nihon Plaza, 1500 Atwater Avenue,
Montreal, Canada H3Z 1Y3

Report to the Shareholders

The presentation of the Annual Report to Shareholders affords an excellent opportunity for the Directors and management to review past performance, to assess the present status of the organization and give thought to its future prospects and intended direction.

Inflation was the major preoccupation of Canadians in 1975. In the fiscal year ended July 31, 1976 the fear of run-away inflation gradually diminished. Major industrial nations such as Germany, United States and Japan led the way toward economic recovery; the Bank of Canada adopted a more responsible monetary policy and Canadians, perceiving the need for restraint, generally responded positively to the anti-inflation controls.

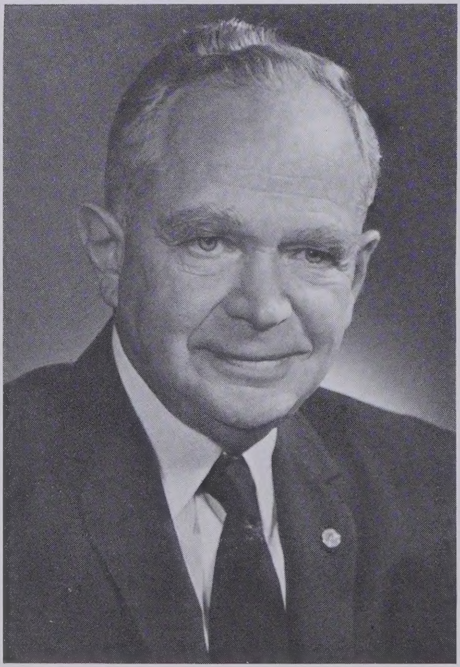
As the year progressed, however, it became apparent that the controls themselves were causing problems. Canadian businessmen, prepared to respect the rules of the game, found that the rules changed with disturbing frequency. It became clear that the importance of profit in sustaining a healthy economy (emphasized in our 1975 report to shareholders) had not been fully recognized by the legislators. Increasing numbers of businessmen questioned the underlying philosophy of the controls and whether the burden was equally shared by government. Many advocated their early discontinuance. Now even the legislators are looking toward termination and "The Way Ahead".

In looking back on fiscal 1976 one is struck by the tremendous amount of time that our senior personnel had to devote to the study of the control legislation to ensure an understanding of its complex provisions and their likely effect on both the profitability and the future plans of our many diversified components. In these circumstances, the Directors believe that the Company's strong recovery in terms of earnings was impressive.

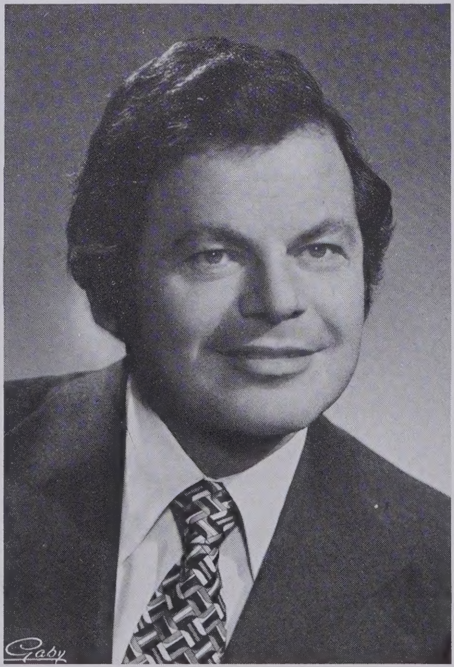
Although price competition was intense and profits of our retail food divisions were *lower* than in 1975, the consolidated net earnings of the Steinberg group of companies rose from \$11,901,000 to \$21,266,000 on sales which increased from \$1,420,966,000 to \$1,594,285,000. Our per share earnings on common and Class "A" shares amounted to \$3.01, up sharply from \$1.66 in 1975.

These significant increases have not resulted in excess revenue under the AIB rules as they were principally attributable to the greatly improved performance of areas of the organization that suffered losses or had abnormally low earnings in previous years. For example, Cartier Sugar returned to normal profitability following the severe loss it experienced last year, Steinberg Foods overcame some persistent operational problems and made a substantial contribution to earnings and Intercity Food also showed marked earnings improvement.

Most encouraging was the continued progress of Miracle Mart which exceeded all our expectations. This maturing division is featured elsewhere in this report.



Sam Steinberg,
Chairman of the Board and
Chief Executive Officer



Melvyn A. Dobrin,
President

It is well, at times, to reflect on the reasons for one's success, as well as those which have led to failure. For success is what must be perpetuated if customers are to be retained, if employees are to have both job security and continuing opportunity, and if investors are to receive an adequate return.

Steinberg's was founded on a simple principle — to render service. Superior service. Throughout the intervening years since 1917 — during boom times, depressions, wars and periods of inflation — we have constantly improved our physical facilities and encouraged our employees to upgrade their personal skills.

Our Company's many different components have a common philosophy: that long term aims must not be sacrificed to short term expediency. Thus meeting the needs of our customers and dealing *fairly* with them, is, has been, and must always be our prime concern.

To satisfy the reasonable expectations of customers, employees, investors and the communities in which we operate, the Company must respond positively to changes — sometimes even anticipate them. Thus we maintain a dialogue with consumer groups, governmental bodies at all levels, trade associations, unions, educators, service clubs, investment analysts, consultants in various areas including the behavioral sciences and, above all, with our employees.

The following are a few examples of how we responded during the year to varying needs as a result of our contacts with such groups:

(a) we initiated an eight week food price freeze which was followed by all our major competitors in Quebec and Ontario;

(b) we cooperated with appropriate authorities in the drafting of legislation governing sanitation, standard food terminology, metrication and labelling;

(c) we gave a number of public consumer education demonstrations showing many of the ways we test food and general merchandise in our modern quality control laboratories;

(d) we made arrangements for over 5,000 underprivileged children in Quebec and Ontario to attend Olympic events;

(e) we improved the pension benefits of our employees, including those paid to persons already retired; and

(f) for many months we have been studying some of the ways in which the quality of the work environment throughout Steinberg's Limited can be improved and the participation of individual employees in the decision making process increased.

This type of activity is not expected to decrease.

Canadians are reading with interest the federal government's working paper entitled "The Way Ahead: A Framework For Discussion". The government is initiating a formal process of discussion and consultation which will involve all interested groups in helping to determine the future direction of our country. We intend to avail ourselves of the opportunity to participate in this important sounding of popular opinion.

We are already well into fiscal 1977. Aggressive food price competition continues unabated and is adversely affecting our earnings from this sector. However, our expansion plans remain unchanged. Financially we have never been as strong. We have confidence in our people and believe that the basic strength of our organization will carry us through this period without any long term, adverse effect.

For millions of Canadians, the name Steinberg will continue to symbolize *service* and *satisfaction,* as it has since 1917.

Sam Steinberg

Chairman of the Board

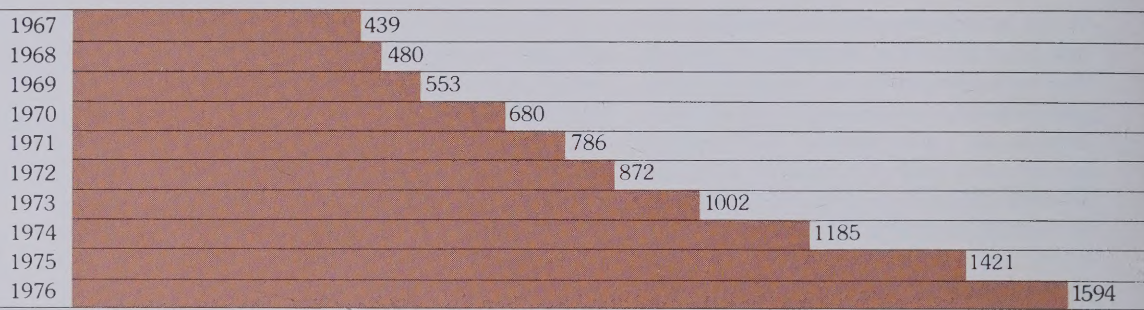
Mel Dobrin

President

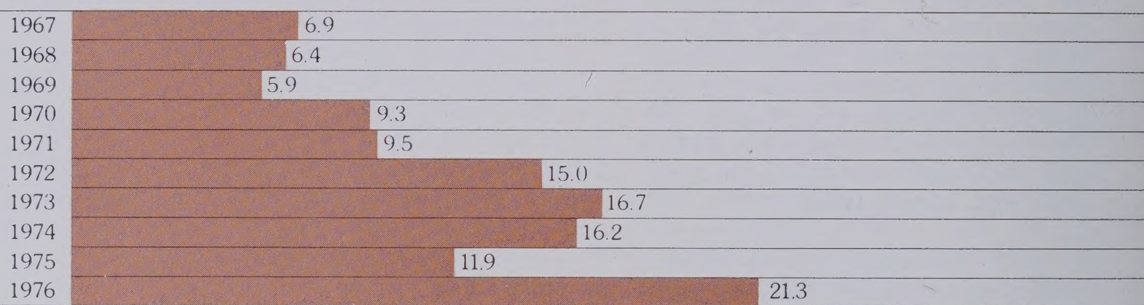
November 1, 1976.

Ten year summary

Sales
For Fiscal Years 1967 - 1976
(Millions of dollars)

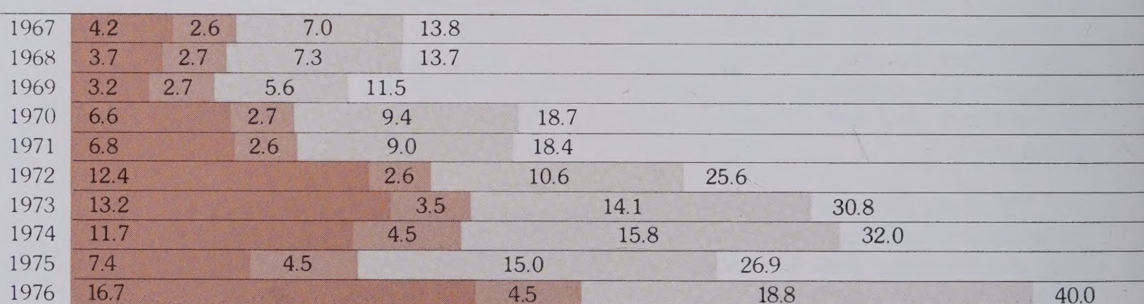


Net Earnings after Taxes
For Fiscal Years 1967 - 1976
(Millions of dollars)

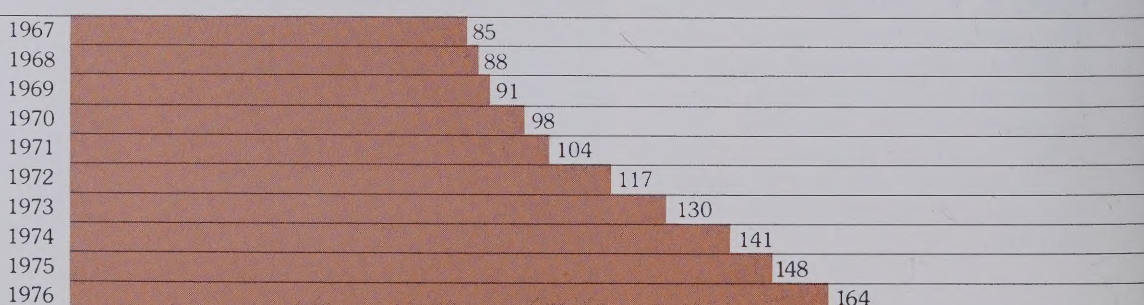


Distribution of Earnings
For Fiscal Years 1967 - 1976
(Millions of dollars)

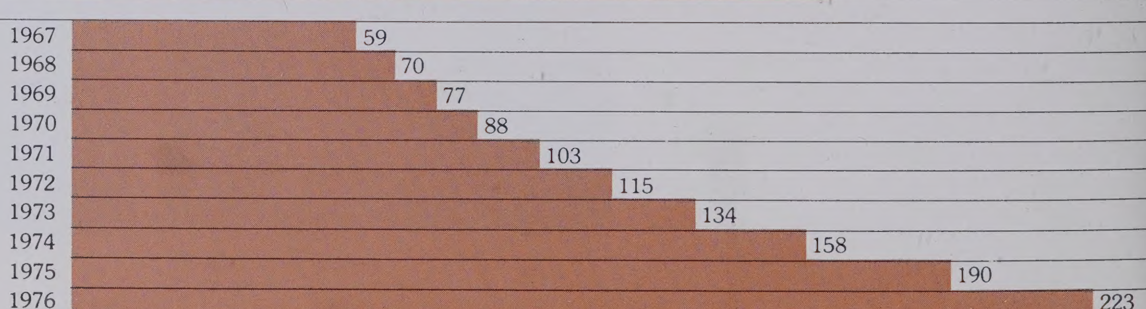
- Earnings retained in the Company
- Dividends paid to shareholders
- Income Taxes (including deferred taxes)



Shareholders' Equity
For Fiscal Years 1967 - 1976
(Millions of dollars)



Salaries, Wages and Employee Benefits
For Fiscal Years 1967 - 1976
(Millions of dollars)



Financial and operating review

The increased levels of sales and profitability realized by virtually all areas of the Company's operations, despite intense competition, are evidence that the confidence expressed in our last annual report was justified. Steinberg's financial position is the strongest in its history. Working capital, both in actual amount and expressed as a ratio, has never been higher. Total assets, shareholders' equity, and equity per share are all at record levels.

Sales

Steinberg's consolidated retail and manufacturing sales (excluding interdivisional sales) increased by $173 million to reach a level of $1,594,285,000 for the 53 week year ended July 31, 1976, an advance of 12.2% over fiscal 1975.

Consolidated sales and operating revenue exceeded $1.6 billion, in comparison with $1.43 billion for the previous year.

Net Earnings

Despite lower earnings from our retail food divisions, consolidated net earnings increased to the record level of $21,266,000 from last year's restated earnings of $11,901,000.

Earnings per common and Class "A" share amounted to $3.01 compared to $1.66 in fiscal 1975. Earnings per dollar of sales increased from 0.84 cent to 1.33 cents, somewhat less than the level achieved two years ago.

The significant increase in earnings is principally attributable to the continued improvement of Miracle Mart, a successful turnaround in Steinberg Foods after a number of years of difficulties and the return to normal profitability of Cartier Sugar following last year's unusual loss.

In addition, the earnings of Intercity Food Services and Phénix Flour, as well as those of Ivanhoe and its subsidiaries, were higher than in 1975. Cardinal Distributors' losses were higher than last year. Some improvement was seen in the Beaucoup operations.

Changes in Principles of Consolidation

In the financial statements, investments in affiliated companies where we hold less than a 50% interest are now accounted for on the equity basis. In previous years the cost method was utilized.

This change increases Steinberg's previously reported earnings for 1975 by $441,000 or six cents per common and Class "A" share.

Income Taxes

The total provision for income taxes increased from $15.02 million to $18.77 million for the current year. The percentage of tax payable on consolidated earnings declined from 54.9% to 46.3%, principally because of the removal of the 10% surtax and the general reduction in income tax rates. In addition Steinberg Foods, Cartier Sugar and Phénix Flour are subject to the lower tax rate established for manufacturing companies.

Depreciation

Steinberg's computes and reports depreciation on the straight line method at rates sufficient to amortize the costs of assets over their estimated useful lives. For the year under review, depreciation and amortization equalled $18.73 million compared with $15.8 million in 1975.

Assets and Liabilities

At the year end, total consolidated assets had increased by almost $54 million to $471.9 million. This increase is accounted for by the high level of cash flow from operations and also by increases in mortgage and bank borrowings by Ivanhoe of approximately $27 million.

The increased assets are represented principally by substantial net additions to our developed real estate ($16 million), new equipment and leasehold improvements ($9 million net), larger inventories ($10 million) and increases in the amount of cash and short-term marketable investments ($21 million).

During the year, capital expenditures amounted to $46.6 million, including $6 million on our continuing program of major modernization of existing facilities. Total fixed assets are carried in the accounts at $267,412,000.

Long-term debt, which increased by $22.5 million, amounted to $175,514,000 at July 31st. Subsequent to the year end Cartier Sugar issued to a Canadian chartered bank $5,000,000 of Income Debentures due in three years, with provision for two extensions of one year each.

At the year end, current assets had increased by $31.9 million to $171,138,000, while current liabilities increased by $12.8 million to $116,510,000. Working capital exceeded $54.6 million and the working capital ratio improved to 1.47 to 1.

Dividends and Shareholders' Equity

Total dividends paid by the Company to its shareholders during the year amounted to $4,468,000. Dividends on the Series "A" Preferred shares amounted to $5.25 per share and to $2.45 per share on the Subordinated Preferred shares. Common and Class "A" shareholders continued to receive quarterly dividends aggregating 60 cents per share.

Supplementary letters patent were issued shortly before the year end cancelling 10,200 Subordinated Preferred shares and 555 Series "A" Preferred shares which had been redeemed during the year. Subsequent to the year end, a further 10,200 Subordinated Preferred shares were redeemed. Employees purchased 10,812 Class "A" shares under stock options.

Approximately $15.9 million was added to Shareholders' Equity which equalled $163.6 million at July 31. Equity per common and Class "A" share amounted to $22.24, an increase of $2.41 per share. Return on equity increased from 8.06% to 13%. Retained earnings now amount to $136.7 million, an increase of $16.8 million during the year.

Quarterly Performance

Quarter	**1976** **Net Earnings (In Thousands)**	**Per Share**	1975 Net Earnings (In Thousands)	Per Share
	$	**$**	$	$
1st (12 wks)	**4,535**	**0.65**	3,289	0.47
2nd (12 wks)	**4,977**	**0.70**	1,342	0.19
3rd (12 wks)	**3,194**	**0.45**	2,660	0.37
4th (1975-16 wks) (1976-17 wks)	**8,560**	**1.21**	4,610	0.63
	21,266	**3.01**	11,901	1.66

Consolidated earnings tend to fluctuate from one quarter to another during the year because of seasonal consumer demand and intermittent gains on the sale of land. The above comparison is also distorted because of the losses suffered in 1975 by Cartier Sugar and the extra week in the 1976 fiscal year. The figures for 1975 have been restated to reflect the change in accounting practice referred to above.

Retail Food Operations

Total sales of our retail food operations reached $1.3 billion, an increase of more than $150 million or 13%. These represent more than 82% of total sales of the Steinberg organization. On the other hand, pre-tax profits from our retail food sales declined by more than three and one-half million dollars reflecting the eight week price freeze on non-perishable foods which we initiated last fall, the two week strike which closed most of our Montreal area food stores in the second quarter and the extremely competitive situation which has existed during recent months.

It is worthy of note that overall retail food prices in Canada are virtually identical to those of a year ago — in fact prices on many important items are lower — thus holding down the overall rate of increase in the cost of living index. We believe that Steinberg's has contributed substantially to the reduced rate of inflation by maintaining, within responsible business practice, the lowest possible margins in our retail food operations.

Quebec Division

Despite serious developments which tended to reduce earnings, the division had a successful year, registering improved sales and an increased share of market.

Last fall, while we were negotiating new collective agreements covering Montreal area food store and warehouse employees, the federal government introduced price and wage controls. The normal course of negotiations was seriously affected and a dispute resulted which closed the majority of our Montreal stores for two weeks. The settlement finally arrived at was influenced by interpretations by the Anti-Inflation Board which, we believe, did not reflect the spirit of the Anti-Inflation law.

The eight week price freeze on non-perishable food items, which was followed by all our major competitors adversely affected earnings. Customer response, however, was excellent.

The slowing in the rate of inflation during the year, actual decreases in certain food prices and changes in customer buying habits, subsequently resulted in aggressive attempts by major retailers to win a larger market share. Quebec division reacted to this competition successfully, and has increased its share of market, though at the cost of lower margins.

During the year, four stores were opened, six completely renovated and three closed, for a net addition of 58,000 square feet of selling area. At the year end, 139 stores were in operation.

Service to the customer continues to be the most important element in successful food retailing. The management and staff of Quebec Division, in the offices, warehouses and stores are all conscious of the need to continually improve the level of service we provide.

Gerry Spitzer
Vice-President & General Manager

Ontario Division

Despite a decline in earnings, the overall results of this division's operations must be regarded as favourable when viewed against the intense competition faced in its market. Sales increased by more than 15% over 1975 and our market share improved. Public acceptance of the policy of combining low prices with the best possible quality, selection and service has been good. The division continues to attract many new customers every week.

Our reduced earnings were due to extremely aggressive and intense price competition, particularly in the last quarter. At times we have been forced to meet prices on key items being sold at, or even below, our delivered cost. We do not initiate such practices but we do feel obliged to respond to them.

During the year, the division opened two Miracle Food Marts and one was closed. At year end, 58 stores were in operation. We plan to open five stores during the current year.

In order to improve two-way communications with its customers, the division now has a full time consumer relations officer on staff. Her functions include not only the follow-up on and satisfaction of consumer complaints, but the training of store management and personnel to recognize and avoid problems which might result in complaints.

An improved store sanitation program has been introduced, concentrating on the meat department. Store management is now able to monitor bacteria levels of counters, equipment, cutting and packing areas to ensure high standards of sanitation and thereby assuring high quality products for our customers.

The division recently negotiated new collective agreements covering its food store employees. These agreements, which are similar in terms to agreements negotiated by our major competitors, require Anti-Inflation Board approval before they can be fully implemented.

Norman Auslander
Vice-President & General Manager

General Merchandise Retailing

Total sales of our general merchandise retail units increased by more than 12% to $204,729,000. Earnings of Miracle Mart improved significantly. The Beaucoup operations reduced losses but Cardinal Distributors, despite increased sales, had a difficult year.

Miracle Mart Division

This division, operating twenty-eight department stores, continued the profitable trend reported last year, with markedly improved results. Both sales and earnings were higher than budgeted.

During the year, the division continued various programs designed to improve its ability to meet the basic needs of customers and to appeal to a broader group of shoppers. Our stores now offer a fuller assortment with a wider range of prices and styles. As variety and selection in many departments have increased, the total number of departments has been reduced by phasing out those that have not achieved adequate sales and profit.

Plans are currently underway to ensure that our stores respond better to local market conditions. The smaller stores will have fewer departments, but with better assortment and selection. In addition, stores are being re-fixtured to promote a new fashion image and to improve their overall internal appearance, thereby creating improved market appeal.

In keeping with the development of a more favourable fashion image, Miracle Mart has held a number of fashion shows emphasizing contemporary fashions. Increased public acceptance of this new image and merchandise approach has been gratifying.

In addition to merchandising improvements, the division has been concentrating on upgrading the level of customer service. Existing and aspiring store management personnel are receiving special training, with emphasis on recognizing and satisfying the needs of our customers.

Mitzi S. Dobrin
Vice-President & General Manager

Beaucoup

The two Beaucoup units, which combine both food and general merchandise in a single store, showed sales improvement comparable to the gains achieved by our food and department store divisions. While the units did not make a contribution to profits, the results were improved over the previous year. A third unit, in Jonquière, has been opened since the year end.

Cardinal Distributors Limited

During fiscal 1976, sales of this subsidiary increased by more than 25% with a good improvement in market share, particularly in the province of Quebec. Markdowns in discontinued lines and obsolescent merchandise, as well as losses involved in closing out certain unprofitable outlets, resulted in overall increased losses.

Five stores were opened and three were closed with 38 stores in operation at year end. Public acceptance of the new stores has been good.

Barry Setnor was appointed Vice-President and General Manager of this subsidiary during the year and a number of other changes and additions in management were made. We look for improved results in the current year.

Barry Setnor
Vice-President & General Manager

Manufacturing Operations

Our food processing and manufacturing operations are conducted in three subsidiary companies, Steinberg Foods, Cartier Sugar and Phénix Flour. Sales for the fiscal year amounted to $88,416,000 of which $54,960,000 or 62% were intercompany sales. Production in each was higher than last year.

Steinberg Foods Limited

This subsidiary, after losses in recent years arising from construction delays and difficulties in integrating new facilities, made a reasonable contribution to this year's consolidated earnings. Sales and share of market increased during the year, demonstrating a high degree of consumer satisfaction and product acceptance. Bakery operations gained in efficiency and capacity.

Historically, Steinberg Foods has acted almost exclusively as a supplier of manufactured and processed food products for sale in Steinberg food stores. Recently, it has intensified marketing activities in order to generate increased outside sales. A new subsidiary, MULTIMARQUES INC., has been incorporated specifically to engage in the production and sale of bread to other food retailers. It is expected that this will permit good economic use of present excess bakery capacity and will generate a strong additional source of earnings.

Steinberg Foods has intensified its research and development activities to improve the products it manufactures. Particular emphasis is being placed on the nutritional aspects of bread products as typified by the new "Plus" brand introduced this year. This bread, which does not make use of preservatives, has met with good acceptance by consumers. Strong efforts are also being conducted to improve the flavour and shelf life of all products.

Joseph Beerman
Vice-President & General Manager

Cartier Sugar Ltd.

Cartier Sugar, as expected, returned to a position of normal profitability following last year's unusual loss. Sales, expressed in dollars, were lower than last year reflecting lower and more stable raw sugar prices on the world markets. However, the refinery operated at near capacity, as is usual, and shipments were higher than in 1975.

Approximately 35% of Cartier's sales are made to Steinberg's and Steinberg Foods. Cartier refines and packs granulated white sugar under private label for Steinberg's and supplies Steinberg Foods with that company's needs for industrial sugar.

Cartier's share of market for outside sales continues to be satisfactory.

John A. Lang
President

Phénix Flour Limited

Phénix Flour had another excellent year, with increases in both sales and earnings. Domestic flour sales held up well and the mill was able to operate at near capacity. The company benefited from high prices for mill feeds, although the demand weakened somewhat in the latter part of the fiscal year. Strong competition in export sales continued.

During the course of the year Phénix redeemed all its outstanding preferred shares and paid its first dividend on the common shares.

The outlook for fiscal 1977 appears good.

John A. Lang
President

Other Retailing

Intercity Food Services Inc.

The contribution to consolidated earnings from our restaurant subsidiary increased significantly over last year's low base. Sales again increased by more than 15%.

Seven units were opened during the year and three closed, with 123 being in operation at year end. One of the units opened was Intercity's first *brasserie,* ACT I, located in a new shopping complex in downtown Montreal. Future units of this type are being planned.

A new subsidiary, UNIBISC INC., was incorporated. This company will sell cookies produced in full view of customers in uniquely designed kiosks to be located in shopping centre malls. The first unit is expected to be in operation shortly.

Lewis Steinberg
President

Pharmaprix Limited

The Pharmaprix concept of low price merchandising through retail outlets located in high traffic areas and operated by independent pharmacists in close proximity to their pharmacy dispensaries has gained good public acceptance. Pharmaprix's earlier management and operational problems appear to have been largely resolved. The Company realized a small profit on its 1976 operations.

During the year, one additional unit was opened bringing the number in operation at year end to 18. Three additional units have since opened and two more are planned before the New Year.

Pharmaprix, which operates only in the province of Quebec, is jointly owned with Koffler Stores Limited. Its accounts are not included in Steinberg's consolidated statements, but are accounted for on an equity basis.

Mark Schwartz
Vice-President & General Manager

Real Estate Operations

Ivanhoe Corporation and Subsidiaries

Both revenues and earnings of Ivanhoe and its subsidiaries increased during the year under review. Revenues increased by almost 20% from last year's total of $17,386,000 to $20,830,000. Increased rental income from shopping centre operations more than offset lower gains on sales of land.

Consolidated net earnings of Ivanhoe increased to $2,883,000 from $2,614,000. Operational cash flow decreased from $7,587,000 to $6,972,000 and was equal to $1.00 per outstanding common and Class "A" share of Steinberg's.

Fixed assets, which include undeveloped land, increased by more than $18.5 million from $143 million to $161.5 million. Long-term debt, excluding debt owing to Steinberg's, increased by $27 million to $110,653,000 while long-term debt due to the parent company was reduced by $17.6 million, the latter in keeping with the intention we expressed in our report of last year.

Subsequent to the year end an independent appraisal of Ivanhoe's fixed assets was completed. The appraisal has established the current value of developed properties to be $175,737,000, which is $38.2 millions or 27.8% above the value shown in our books. Undeveloped land, currently shown at $24,040,000, representing cost plus carrying charges, was appraised at $32,619,000. This appraisal does not include interests held by Ivanhoe in 50% owned and in affiliated companies which are estimated by the Company to have a value of $8,300,000. These interests are shown in our books at $1,849,000.

Ivanhoe Financial Highlights

	1976	1975
	(in thousands)	
	$	$
Total assets	**180,117**	169,599
Long term debt		
— parent company	**16,419**	34,060
— other	**110,653**	83,666
Revenues		
— rental — parent company	**9,480**	8,221
— other tenants	**11,301**	8,703
— gain on sale of land	**49**	462
	20,830	17,386
Net Earnings	**2,883**	2,614
Cash flow from operations	**6,972**	7,587

During the year the construction of the first phase of Champlain Mall was completed. This venture, owned jointly with another major retailer, was developed and is managed by Ivanhoe. The centre has already proven to be very successful and plans are being developed for a major expansion to be completed in the fall of 1977. When completed, the entire centre will have more than 500,000 square feet of leasable area. Public acceptance of the renovated and expanded Place Ste-Foy in suburban Quebec City, which was featured in our last annual report, has also exceeded expectations.

Directly or through subsidiaries and affiliates, Ivanhoe has interests in 40 shopping centres. Most were developed and are managed by Ivanhoe. Basic market research programs are being conducted to examine each centre to determine how productivity and profitability may be enhanced. As a result of the studies made so far, six centres are being planned for expansion and major renovations to refurbish and upgrade three other centres and malls are being undertaken, all for completion in 1977.

Ralph H. Ordower
Vice-President & General Manager

Employee Relations

Retailing, and in particular food retailing, is a labour intensive industry. We depend on the skill and efficiency of our employees in order to realize an adequate return. Wages, salaries and employee benefits paid by the Company during the year totalled $222,878,000, an increase of more than $32 million over 1975. Total wages and benefits were more than ten times greater than the net earnings of the Company.

1976 was a difficult year with respect to labour relations principally because of the imposition of the wage guidelines under the Anti-Inflation program. Settlement of our major collective agreement, covering food store employees in the Montreal area, was only reached after a two-week strike which closed the majority of the stores involved. The strike occurred soon after the guidelines were announced but before full details were known, thus complicating our negotiations with the union. The Montreal agreement subsequently served as a basis for settlement of several other contracts.

In order to avoid future confrontations of this nature the Company is devoting a great deal of time and effort to improve the atmosphere in which employees work and to give a greater say in how their work is scheduled, supervised and evaluated.

Henri Tremblay
Vice-President Personnel

Miracle Mart — Its Mature Image

The first Miracle Mart department stores were opened in the fall of 1961. In the intervening 15 year period this division has matured to become an important component of Steinberg's — as well as a major factor in the department store industry in the markets where it is represented.

Today, as exemplified on these pages, Miracle Mart has successfully developed a contemporary merchandising image in its stores — featuring fashions for the modern "on the go" adult, popular children's wear, excellent sporting goods as well as many other departments with market appeal and excitement.


CADEAUX


DUNLOP
Slazenger
Wilson
Wilson
adidas
Slazenger
Dunlop Sports
adidas

Consolidated balance sheet

Steinberg's Limited and Subsidiary Companies
As at July 31, 1976

ASSETS (Expressed in thousands of dollars)	Cost $	Accumulated depreciation $	1976 $	1975 $
Current Assets				
Cash			**10,106**	9,308
Short-term marketable investments			**22,971**	2,200
Accounts receivable			**6,996**	8,445
Income taxes recoverable			**540**	
Inventories (note 1(b))			**122,432**	112,165
Prepaid expenses			**8,093**	7,042
			171,138	139,160
Other Assets (note 2)			**16,021**	21,920
Fixed Assets — real estate operations				
Undeveloped land — at cost plus carrying charges			**24,040**	22,055
Land, buildings and parking areas — at cost		173,754		
Less: Accumulated depreciation		36,259	**137,495**	120,959
			161,535	143,014
Fixed Assets — retail and manufacturing operations				
Land and buildings	4,718	978	**3,740**	3,819
Equipment	160,226	76,366	**83,860**	76,041
	164,944	77,344	**87,600**	79,860
Leasehold improvements — at cost, less amortization			**18,277**	16,653
			105,877	96,513
Intangible Assets				
Unamortized discount on long-term debt			**1,937**	2,049
Excess of cost of shares in subsidiary companies over net book value at date of acquisition			**15,409**	15,459
			17,346	17,508
			471,917	418,115

Signed on Behalf of the Board
Sam Steinberg, Director
Mel Dobrin, Director

LIABILITIES (Expressed in thousands of dollars)	**1976 $**	1975 $
Current Liabilities		
Bank advances and notes payable	**5,349**	740
Accounts payable and accrued liabilities	**110,747**	100,324
Dividends payable	**35**	36
Income taxes		2,494
Current portion of long-term debt (note 3)	**379**	128
	116,510	103,722
Long-term Debt and Other Obligations (note 3)		
Real estate operations	**110,653**	83,666
Retail and manufacturing operations	**64,861**	69,262
	175,514	152,928
Deferred Income Taxes	**13,602**	11,275
Minority Interest	**2,647**	2,460
	308,273	270,385
SHAREHOLDERS' EQUITY		
Capital Stock (note 4)		
Authorized —		
76,360 cumulative redeemable preferred shares of the par value of $100 each		
61,200 2¹/₂% non-cumulative subordinated preferred shares redeemable at their par value of $98 each		
4,500,000 Class "A" shares without par value — non-voting		
3,500,000 common shares without par value		
Issued and fully paid —		
26,360 5¹/₄% preferred shares — Series "A"	**2,636**	2,692
61,200 2¹/₂% subordinated preferred shares	**5,998**	6,997
3,971,343 Class "A" shares	**6,196**	6,050
3,000,000 common shares	**1,500**	1,500
	16,330	17,239
Contributed Surplus (note 5)	**10,615**	10,590
Retained Earnings	**136,699**	119,901
	163,644	147,730
	471,917	418,115

Consolidated statement of retained earnings

Steinberg's Limited and Subsidiary Companies
For the year ended July 31, 1976

(Expressed in thousands of dollars)	**1976** **$**	1975 $
Balance — Beginning of Year		
As restated (note 1)	**119,901**	112,489
Net earnings for the year	**21,266**	11,901
	141,167	124,390
Dividends —		
5¼% preferred shares Series "A"	**139**	143
2½% subordinated preferred shares	**150**	175
Class "A" and common shares	**4,179**	4,171
	4,468	4,489
Balance — End of Year	**136,699**	119,901

Consolidated statement of earnings

Steinberg's Limited and Subsidiary Companies
For the year ended July 31, 1976

(Expressed in thousands of dollars)	**1976 $**	1975 $
Sales and Operating Revenue	**1,605,642**	1,430,195
Expenses		
Cost of sales and other operating and administrative expenses	**1,293,217**	1,159,263
Wages and employee benefits	**221,462**	189,031
Directors' and officers' remuneration	**1,416**	1,418
Rentals and lease purchase payments	**19,678**	17,107
Depreciation and amortization	**18,729**	15,803
Unusual losses on sugar operations of subsidiary		10,020
	1,554,502	1,392,642
Earnings from Operations	**51,140**	37,553
Financial (Income) and Expenses		
Interest and amortization of discount on long-term debt	**13,809**	9,774
Other interest	**763**	2,442
Interest earned and gain on redemption of long-term debt	**(2,586)**	(1,784)
Income from 50% owned and from affiliated companies (note 1)	**(1,394)**	(245)
	10,592	10,187
Earnings Before Income Taxes	**40,548**	27,366
Income Taxes		
Current	**16,442**	16,039
Deferred	**2,327**	(1,016)
	18,769	15,023
Earnings before Minority Interest	**21,779**	12,343
Minority Interest	**513**	442
Net Earnings for the Year	**21,266**	11,901
Represented by:		
Retail and manufacturing companies (after eliminating dividends from Ivanhoe Corporation of $750,000 in each year)	**18,383**	9,287
Real estate companies	**2,883**	2,614
	21,266	11,901
Net Earnings per Class "A" and Common Share (note 4(d))	**$3.01**	$1.66

Consolidated statement of earnings

Steinberg's Limited and its Retail and Manufacturing Subsidiary Companies
For the year ended July 31, 1976

(Expressed in thousands of dollars)	**1976 $**	1975 $
Sales	**1,594,285**	1,420,966
% increase 1976 — 12.19%; 1975 — 19.85%		
Operating Expenses		
Cost of sales and other operating and administrative expenses	**1,290,535**	1,156,364
Wages and employee benefits	**220,775**	188,690
Rentals and lease purchase payments	**29,158**	25,327
Depreciation and amortization	**15,050**	12,674
Unusual losses on sugar operations of subsidiary		10,020
% increase 1976 — 11.63%; 1975 — 20.49%	**1,555,518**	1,393,075
Earnings from Operations	**38,767**	27,891
Financial Expenses		
Interest and amortization of discount on long-term debt	**5,670**	5,119
Other interest	**720**	2,373
	6,390	7,492
	32,377	20,399
Income from Investments		
Interest on advances — Ivanhoe Corporation	**1,887**	2,244
Dividends on preferred shares — Ivanhoe Corporation	**750**	750
Interest earned and gain on redemption of long-term debt	**1,481**	311
Gain on sale of land	**7**	64
Income from 50% owned company	**84**	(206)
	4,209	3,163
Earnings before Income Taxes	**36,586**	23,562
Income Taxes		
Current	**14,968**	15,869
Deferred	**2,012**	(2,779)
	16,980	13,090
Earnings before Minority Interest	**19,606**	10,472
Minority Interest	**473**	435
Net Earnings for the Year	**19,133**	10,037

Consolidated statement of earnings

Ivanhoe Corporation and Subsidiary Companies
For the year ended July 31, 1976

(Expressed in thousands of dollars)	**1976 $**	1975 $
Revenue		
Rentals — Steinberg's Limited and its retail and manufacturing subsidiary companies	**9,480**	8,221
— Other	**11,301**	8,703
Gain on sale of land	**49**	462
	20,830	17,386
Expenses		
Operating and administrative	**2,766**	2,694
Wages and employee benefits	**2,103**	1,759
Depreciation	**3,679**	3,129
	8,548	7,582
Earnings from Operations	**12,282**	9,804
Financial (Income) and Expenses		
Interest and amortization of discount on long-term debt — Steinberg's Limited	**1,887**	2,244
— Other	**8,139**	4,655
Other interest	**43**	69
Interest earned and gain on redemption of long-term debt	**(1,189)**	(1,267)
Income from 50% owned and from affiliated companies (note 1)	**(1,310)**	(451)
	7,570	5,250
Earnings before Income Taxes	**4,712**	4,554
Income Taxes		
Current	**1,474**	170
Deferred	**315**	1,763
	1,789	1,933
Earnings before Minority Interest	**2,923**	2,621
Minority Interest	**40**	7
Net Earnings for the Year	**2,883**	2,614

Consolidated statement of cash flow

Ivanhoe Corporation and Subsidiary Companies
For the year ended July 31, 1976

(Expressed in thousands of dollars)	**1976 $**	1975 $
Net Earnings for the Year	**2,883**	2,614
Non-cash items — depreciation	**3,679**	3,129
— deferred income taxes	**315**	1,763
— other	**95**	81
Cash Flow from Operations	**6,972**	7,587
Cash Flow per Steinberg's Class "A" and Common Share (note 4(d))	**$1.00**	$1.09

Consolidated statement of changes in financial position

Steinberg's Limited and Subsidiary Companies
For the year ended July 31, 1976

(Expressed in thousands of dollars)	**1976 $**	1975 $
Source of Working Capital		
Net earnings for the year	**21,266**	11,901
Items not affecting working capital —		
Depreciation and amortization	**18,900**	15,948
Deferred income taxes	**2,328**	(1,016)
Minority interest	**513**	442
Provided from operations	**43,007**	27,275
Additional debt and capital stock issued —		
Net proceeds from issue of 10½% Series "D" debentures		24,550
Mortgages and other obligations — net	**30,746**	13,938
Class "A" shares to employees (1976 — 10,812 shares; 1975 — 13,231 shares)	**146**	175
	73,899	65,938
Use of Working Capital		
Net additions to assets —		
Real estate property	**22,200**	16,744
Retail and manufacturing — fixed assets	**24,414**	19,846
Investments and other items	**(5,889)**	7,585
	40,725	44,175
Reduction of long-term debt	**8,160**	3,934
Reduction of minority interest	**326**	293
Redemption of Series "A" preferred shares — net	**31**	49
Redemption of subordinated preferred shares	**999**	1,000
Dividends	**4,468**	4,489
	54,709	53,940
Increase in Working Capital	**19,190**	11,998
Working Capital — Beginning of Year	**35,438**	23,440
Working Capital — End of Year	**54,628**	35,438

Notes to consolidated financial statements

Steinberg's Limited and Subsidiary Companies
For the year ended July 31, 1976

1. Accounting Policies

(a) Principles of consolidation

The consolidated financial statements include the accounts of all companies in which the parent company holds an interest in excess of 50%, including those of Ivanhoe Corporation and its subsidiary companies. The investments in 50% owned and in affiliated companies are accounted for on the equity basis.

During the year, the company changed its basis of accounting for shares in affiliated companies from the cost to the equity method with retroactive effect from the beginning of the previous year. As a result, the earnings for the year ended July 26, 1975 have been increased by the amount of $441,000 and the closing balance of retained earnings as of that date has been restated accordingly.

(b) Inventories

Inventories are valued at the lower of cost or net realizable value using principally the retail method for retail stores and average cost for the remaining inventory.

(c) Depreciation and amortization

- (i) Depreciation of fixed assets is computed on the straight line method at rates which are sufficient to amortize the costs over their estimated useful lives.
- (ii) Long-term debt discount is amortized over the terms of the issues.
- (iii) No amortization is charged on the excess of cost of shares in subsidiary companies over the net book value at date of acquisition.

2. Other Assets

These comprise the following:

	1976	1975
	(thousands of dollars)	
50% owned companies —		
Shares — at equity	**1,474**	1,253
Advances	**1,730**	823
	3,204	2,076
Affiliated companies —		
Shares — at equity	**1,505**	1,134
Advances and other recoverable amounts		
Balances of sales of land	**3,302**	4,065
Real estate transactions	**4,001**	9,549
	7,303	13,614
Funds on deposit and other items	**4,009**	5,096
	16,021	21,920

3. Long-Term Debt and Other Obligations

	1976	1975
	(thousands of dollars)	
Real estate operations —		
First mortgage sinking fund bonds —		
Ivanhoe Corporation —		
7½% Series A, due 1991	**4,465**	4,615
7% Series B, due 1991 (repayable in U.S. currency $1,913,000; 1975 — $1,989,000)	**2,094**	2,169
Steinberg's Properties Limited —		
4½% Series A, due 1980	**616**	670
6% Series "B", "C" and "D", due 1982-84	**4,391**	4,760
Steinberg's Shopping Centres Limited —		
7% Series A, due 1985	**4,408**	4,584
8½% Series B, due 1994	**3,946**	3,988
Steinberg Realty Limited —		
8½% Series A, due 1991	**14,534**	14,619
8⅞% Series B, due 1993	**21,615**	21,838
	56,069	57,243

Sinking fund requirements for the above bonds for the five ensuing years are as follows: 1977 — $2,005,000; 1978 — $2,058,000; 1979 — $2,366,000; 1980 — $2,427,000; 1981 — $2,658,000. The excess of bonds cancelled or purchased for redemption to date over the cumulative sinking fund requirements at July 31, 1976 amounting to $1,803,000 may be applied against these requirements.

3. Long-Term Debt and Other Obligations — (cont'd.)

	1976	1975
	(thousands of dollars)	
Mortgage loans and balances payable on land purchases —		
6% - 9% balances payable on land purchases	**2,776**	3,007
5½% - 7½% mortgage loans, repayable in varying monthly instalments to 1985	**7,330**	7,992
10½% mortgage loan repayable in monthly instalments to 1996	**897**	919
11¾% mortgage loan repayable in monthly instalments to 1995	**6,671**	
	17,674	11,918
Other obligations—		
Non-interest bearing	**61**	109
6% - 10% due on demand	**780**	802
Bank term loan due not later than 5 years from date of final drawdown at ½ of 1% above prime to the third year and at 1% above prime for the final two years	**3,870**	1,850
Bank term loan due July 31, 1980 with interest at 1¼% above prime	**15,500**	11,744
Bank term loan due June 14, 1985 with interest at 1¼% above prime	**5,000**	
Secured term loan due on September 1, 1980. Interest to February 28, 1977 is payable at ¾% above prime and after that date at 1¼% above prime.	**11,699**	
	36,910	14,505
	110,653	83,666

Due to the nature of the real estate operations the current portion due within one year has not been included under current liabilities. This portion will be financed in the same period from rental income under lease agreements which has not been included in accounts receivable.

	1976	1975
	(thousands of dollars)	
Retail and manufacturing operations —		
Sinking fund debentures —		
Steinberg's Limited —		
5¾% Series "A", due 1984	**9,180**	9,397
6⅝% Series "B", due 1986	**9,761**	10,115
8⅝% Series "C", due 1992	**19,699**	19,878
10½% Series "D", due 1994 (or 1984 at option of holder)	**25,000**	25,000
	63,640	64,390

Sinking fund requirements for the above debentures are $1,250,000 annually for the years 1977 to 1981 and $1,700,000 in 1982. The excess of bonds cancelled or purchased for redemption to date over the cumulative sinking fund requirements at July 31, 1976 amounting to $1,109,000 may be applied against these requirements.

	1976	1975
10¼% demand bank loan	**1,600**	
Notes payable		5,000
	65,240	69,390
Current portion due within one year	**379**	128
	64,861	69,262

4. Capital Stock

(a) Supplementary letters patent were granted July 14, 1976 reducing the authorized capital of the company by cancelling 555 Series "A" preferred shares and 10,200 subordinated preferred shares.

(b) During the year 555 Series "A" preferred shares were redeemed.

(c) The subordinated preferred shares are subject to the restriction that the company may redeem such shares to a maximum of $1,000,000 in each year. During the year, the company redeemed 10,200 shares at par for a consideration of $999,600. Subsequent to July 31, 1976, the company redeemed a further 10,200 shares at par for a consideration of $999,600.

(d) As at July 31, 1976 the company has reserved 256,057 Class "A" shares as follows:

	Number of shares	Price per share
Options to senior employees —		
Exercisable to November 30, 1978	60,750	$12.00
November 30, 1978	1,800	$18.00
November 30, 1978	5,000	$19.00
November 30, 1978	62,680	$20.00
	130,230*	
Reserved for future allocation of options at a price to be determined by the Board of Directors but not less than 90% of the market value at the time of allocation	30,795	
Reserved for a plan which terminated in 1976	95,032	
	256,057	

*The exercise of all of the outstanding options would dilute earnings per Class "A" and common share by 4 cents (1975 - 2 cents) and cash flow of Ivanhoe Corporation by 2 cents (1975 - 2 cents).

(e) During the year 10,812 Class "A" shares were issued to employees for cash of $146,000.

5. Contributed Surplus

The contributed surplus as at July 31, 1976 consists of a premium on issue and conversion of shares and gains on redemption of Series "A" preferred shares amounting to $10,590,000 with respect to prior years and of a gain on redemption of Series "A" preferred shares amounting to $25,000 during 1976.

6. Retirement Plans

There are obligations for past service pension benefits amounting to $3,600,000 according to actuarial estimates. These obligations will be satisfied by annual payments of $324,600 to 1990. During the year ended July 31, 1976, $156,000 in respect of past service pension benefits was charged to operations.

7. Long-Term Leases

The aggregate minimum rentals, exclusive of additional amounts based on percentage of sales, taxes, insurance and other occupancy charges under long-term leases in effect at July 31, 1976 for each of the periods shown are as follows:

	Payable to Ivanhoe Corporation and subsidiaries	Payable to others
	(thousands of dollars)	
Within 5 years	38,505	81,095
Within the next five years	31,785	74,183
Within the next five years	27,357	64,123
Within the next five years	10,118	45,149
Within the remainder of the term	1,417	44,505
	109,182	309,055

8. Contingent Liabilities

(a) Income taxes

As reported in prior years, the Deputy Minister of Revenue of the Province of Quebec instituted legal action against the company claiming taxes for the years 1951 to 1963 inclusive aggregating $902,000 including interest to date of the action, on profits made through the disposition of capital assets. Judgement was awarded in favour of the company in the Quebec Superior Court; however, the Deputy Minister of Revenue has appealed the judgement to the Quebec Court of Appeal. The appeal has not yet been heard.

(b) Guarantees

(i) Ivanhoe Corporation has guaranteed bank loans, amounting to $5,396,840 of companies in which it has ownership interests.

(ii) Steinberg's Limited has guaranteed a bank loan on behalf of Pharmaprix Limited in the amount of $490,500.

(iii) Steinberg's Limited has also guaranteed jointly and severally with Koffler Stores Limited and Pharmaprix Limited leases of pharmacy proprietors affiliated with Pharmaprix Limited in the amount of $8,557,558 payable mostly over a 20 year period.

9. Classes of Business

Classes of business that differ substantially from each other and which respectively contribute 10% or more of the total gross revenue are:

	1976	1975
Food retailing (Quebec and Ontario Divisions)	**83%**	81%
General retailing (Miracle Mart Division)	**11%**	10%

10. Anti-Inflation Legislation

The company and its subsidiaries are subject to the terms of the Federal Anti-Inflation Act and Regulations which from October 15, 1975 provide for the restraint of prices, profit margins, dividends and compensation.

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Steinberg's Limited and subsidiary companies as at July 31, 1976 and the consolidated statements of earnings (including the consolidated statement of earnings of Steinberg's Limited and its retail and manufacturing subsidiary companies and the consolidated statements of earnings and cash flow of Ivanhoe Corporation and subsidiary companies), retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at July 31, 1976 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied after giving retroactive effect to the change in the basis of accounting for the investment in affiliated companies referred to in note 1 to the financial statements on a basis consistent with that of the preceding year.

Coopers & Lybrand

October 15, 1976.

Chartered Accountants

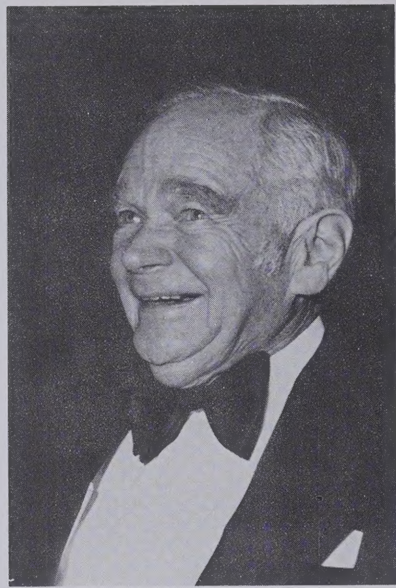
Statistical review

Steinberg's Limited and Subsidiary Companies
For the fiscal year ended July

(Expressed in thousands of dollars)	1976* $	1975 $	1974 $
Sales — retail and manufacturing companies	**1,594,285**	1,420,966	1,185,581
Salaries, wages and employee benefits	**222,878**	190,449	158,399
Depreciation and amortization	**18,729**	15,803	14,473
Income taxes — current	**16,442**	16,039	13,495
Income taxes — deferred	**2,327**	(1,016)	2,339
Net earnings	**21,266**	11,901	16,229
Net earnings per dollar of sales	**1.33¢**	.84¢	1.37¢
Net earnings per common and Class "A" share (in dollars)	**3.01**	1.66	2.29
Inventories	**122,432**	112,165	113,283
Working capital	**54,628**	35,438	23,440
Total assets	**471,917**	418,115	389,003
Shareholders' equity (book value)	**163,644**	147,730	141,192
Return on equity	**13.00%**	8.06%	11.49%
Equity per common and Class "A" share (in dollars)	**22.24**	19.83	18.77
Dividends to shareholders	**4,468**	4,489	4,509
Capital expenditures	**46,614**	36,590	34,309
Number of Stores			
Food Stores	**197**	196	191
Department Stores	**28**	28	32
Beaucoup	**2**	2	1
Sales areas in thousands of square feet			
Food Stores	**3,215**	3,127	2,985
Department Stores	**1,931**	1,931	2,226
Beaucoup	**173**	173	102

*53 weeks.

1973 $	1972 $	1971* $	1970 $	1969 $	1968 $	1967 $
1,002,304	871,828	786,407	679,650	553,335	480,125	439,496
134,465	114,650	102,575	88,206	77,314	69,835	59,239
12,903	11,511	10,674	10,168	9,389	8,349	6,015
12,759	10,067	9,111	8,393	3,952	5,139	6,238
1,377	552	(111)	1,054	1,685	2,184	761
16,729	14,972	9,459	9,317	5,909	6,402	6,875
1.67¢	1.72¢	1.20¢	1.37¢	1.07¢	1.33¢	1.56¢
2.37	2.16	1.37	1.34	0.84	0.91	0.99
82,391	68,440	59,011	55,723	47,412	41,618	39,462
30,725	26,203	8,979	9,151	10,846	4,863	13,114
338,292	287,848	266,685	252,950	244,808	227,554	213,341
130,331	117,411	104,488	98,083	91,410	88,276	84,859
12.84%	12.75%	9.05%	9.50%	6.46%	7.25%	8.10%
17.10	15.20	13.41	12.36	11.37	10.89	10.51
3,481	2,620	2,608	2,666	2,671	2,665	2,645
36,329	22,456	18,428	11,631	16,860	21,616	16,919
187 31	185 28	179 26	176 23	178 22	175 15	168 15
2,815 2,173	2,692 2,001	2,544 2,138	2,455 1,980	2,467 1,904	2,390 1,430	2,250 1,430



Happy Birthday

Sam Steinberg celebrated his seventieth birthday during the past year. To commemorate this event his friends and business associates organized two large birthday parties in Montreal.

The Board of Directors of Steinberg's Limited presented "Mr. Sam" with an illuminated engraved reproduction of the following resolution:

WHEREAS, Sam Steinberg, Chairman of the Board of Directors of Steinberg's Limited has attained the age of seventy;

AND WHEREAS to mark this occasion his fellow directors desire to express to him and to record by way of formal resolution their profound admiration, affection and respect;

THEREFORE be it and it is hereby resolved:

THAT the undersigned directors of Steinberg's Limited individually extend their warm congratulations to Sam Steinberg, a man whose breadth of vision, humanity and integrity, demonstrated during many years of dedicated leadership in business and in community service, have brought him both national and international recognition;

THAT the undersigned directors acknowledge the exceptional contribution of Sam Steinberg to Canadian food retailing and specifically to Steinberg's Limited which, under his inspired, innovative leadership, has grown from a single small food store to one of Canada's largest retail organizations;

THAT the undersigned extend to their friend and associate, Sam Steinberg, their sincere wish that continued good health and vigour will permit him to participate for many years in the various activities to which he now contributes so effectively.

Passed this Seventh day of December, Nineteen Hundred and Seventy-Five.

André Charron
Mel Dobrin
Mitzi Dobrin
James N. Doyle
C. W. Leach
Jack Levine
G. Plourde
Lazarus Phillips
H. Arnold Steinberg
Nathan Steinberg

Directors and officers

Directors

Sam Steinberg
Chairman of the Board

Nathan Steinberg
Vice-Chairman of the Board

André Charron, Q.C.
President
Lévesque, Beaubien Inc.

Melvyn A. Dobrin

Mitzi S. Dobrin

James N. Doyle

Campbell W. Leach, C.A., D.C.L.

Jack Levine

Hon. Lazarus Phillips, O.B.E., Q.C.
Senior Partner
Phillips & Vineberg

Gérard Plourde
Chairman of the Board
UAP Inc.

H. Arnold Steinberg

Officers

Sam Steinberg
Chairman of the Board,
Chief Executive Officer

Nathan Steinberg
Vice-Chairman of the Board,
Senior Vice-President

Melvyn A. Dobrin
President

James N. Doyle
Executive Vice-President,
Legal and Corporate Affairs; Secretary

Jack Levine
Executive Vice-President,
Retailing

H. Arnold Steinberg
Executive Vice-President,
Administration and Finance

Oscar Plotnick
Senior Vice-President

Norman Auslander
Vice-President and General Manager,
Ontario Division

Mitzi S. Dobrin
Vice-President and General Manager,
Miracle Mart Division

Stanley F. English
Vice-President and
General Counsel; Assistant Secretary

William Howieson
Vice-President, Treasurer
and Comptroller

Morris Ladenheim
Vice-President and Director of
Private Label Development

Malcolm N. MacIver
Vice-President,
Labour Relations

Sidney Pasoff
Vice-President,
Management Systems & Control

Gerry Spitzer
Vice-President and General Manager,
Quebec Division

Henri Tremblay
Vice-President, Personnel

Principal Subsidiaries

Cardinal Distributors Limited
Morris Steinberg, President
Barry Setnor, Vice-President and
General Manager

Cartier Sugar Ltd.
John A. Lang, President

Intercity Food Services Inc.
Lewis Steinberg, President
Edy Lachman, Vice-President and
General Manager

Ivanhoe Corporation
H. Arnold Steinberg, President
Ralph H. Ordower, Vice-President and
General Manager

Phénix Flour Limited
John A. Lang, President
Guy Tremblay, Vice-President and
General Manager

Steinberg Foods Limited
Jack Levine, President
Joseph Beerman, Vice-President and
General Manager

Affiliated Company

Pharmaprix Limited
Mark Schwartz, Vice-President
and General Manager

Transfer Agent

Montreal Trust Company
Halifax, Montreal, Toronto, Winnipeg,
Regina, Calgary and Vancouver

Registrar

The Royal Trust Company
Halifax, Montreal, Toronto, Winnipeg,
Regina, Calgary and Vancouver

Stock Exchange Listings

Class "A" and $5^{1}/_{4}$% Preferred Shares
Montreal Stock Exchange
Toronto Stock Exchange

Auditors

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